

PRESS RELEASE
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RM2.170 billion sales in seven months – on track to meet FY2022 sales target
2 sen interim dividend declared in 2Q 2022

KUALA LUMPUR: Eco World Development Group Berhad (EcoWorld Malaysia) announced its results for 2Q 2022 today.

Key highlights for 2Q 2022 include the following:

- EcoWorld Malaysia recorded RM2.170 billion sales in seven months of FY2022 which places it well on track to achieve the full year sales target of RM3.5 billion.
- Revenue in 2Q 2022 was higher than in 2Q 2021 by 20.6%, whilst gross profit in 2Q 2022 was higher than in 2Q 2021 by 54.8%.
- Gross profit margin also improved to 23.1% in 2Q 2022 vs 18.0% in 2Q 2021 as measures implemented to increase efficiency and control costs enabled savings to be realised.
- Share of results from joint ventures (JVs) were lower due to:
 - Higher proportion of near completed properties sold and cost savings realised last year on matured phases at *Eco Ardence* and *Eco Grandeur* which contributed to the higher share of results from Malaysian JVs of RM38.6 million in 2Q 2021 vs RM16.3 million in 2Q 2022; and
 - share of loss of RM15.6 million in Eco World International Berhad (*EcoWorld International*) in 2Q 2022 vs share of profit of RM9.5 million in 2Q 2021. This was mainly due to an impairment loss recognised by *EcoWorld International* on its EW-Ballymore JV in London, revision of project profit margins, higher inventory holding costs and fewer handovers of properties to its customers in 2Q 2022.
- Despite recording a loss in 2Q 2022, *EcoWorld International* is on track to meet its sales target of RM2 billion, with sales and reservations totalling RM1.5 billion achieved in seven months of FY2022.
- Further, with its project level bank borrowings on its Australian projects and EW-Ballymore JV fully repaid, *EcoWorld International* reiterated its intention to repatriate a portion of the substantial cash it expects to generate from the monetisation of its completed stocks for distribution to its shareholders within the next 1-2 years.
- EcoWorld Malaysia's Profit After Tax (PAT) increased by 8% in 2Q 2022, even after taking up its share of *EcoWorld International*'s loss. This was on the back of PAT contributed by its Malaysian operations which grew by 86.7% to RM61.2 million in 2Q 2022 vs RM32.8 million in 2Q 2021.
- As at 30 April 2022, EcoWorld Malaysia's cash and bank balances increased to RM904.4 million whilst Net Borrowings and Net Gearing reduced to RM1.7 billion and 0.36 times. Future Revenue remains high at RM3.9 billion as at 31 May 2022 giving good near-term earnings visibility.
- Premised on the improvement in the Group's cash position and balance sheet, EcoWorld Malaysia has declared a 2 sen interim dividend in the current quarter.

Comments on EcoWorld Malaysia's performance in 2Q 2022

“EcoWorld Malaysia continued to experience steady sales in 2Q 2022 with RM2.170 billion achieved in seven months - this places the Group well on track to achieve our full year sales target of RM3.5 billion. The largest percentage increase in sales since our last reporting period came from our Iskandar Malaysia projects. Sales almost doubled from RM315 million as at 28 February 2022 to RM617 million as at 31 May 2022,” said Dato’ Chang Khim Wah, President & CEO of EcoWorld Malaysia.

Chang mentioned that the recent launch of Forte and Forte+ Residences, a new phase of 33’ x 75’ Cluster Homes at Eco Spring, at average prices of RM1.2 and RM1.4 million per unit respectively and the Charmborough series of 22’ x 70’ terraces by Eco Botanic 2, at average prices of RM920,000 per unit, contributed to the sales increase in Iskandar Malaysia.

“Our strategy to introduce more upgrader homes to complement several starter homes series launched in FY2021 began in 1Q 2022 in the Klang Valley and Penang. We are pleased that response has been very good for all the higher-end products launched this year thanks to the strong following the EcoWorld brand continues to command in the upgrader and luxury homes segment across all three regions of the Group’s operations,” Chang mentioned.

Chang noted that the opening of the country’s borders, particularly between Malaysia and Singapore has helped boost demand in Iskandar Malaysia. More notably, it has had a significant impact on the Group’s business park sales. As at 31 May 2022, total sales by the Group’s four business parks stand at RM447 million which is 93% of the full year sales achieved by this segment in FY2021.

“Since 1 April 2022, we have been experiencing much higher walk-ins at all our galleries in Iskandar Malaysia. On the residential front, the demand has been mainly for upgrader products as Malaysians working in Singapore return with a renewed appetite to upgrade their homes, fueled by the strength of the Singapore dollar and generally higher levels of savings accumulated over the past two years. We have also been receiving an increasing number of enquiries from overseas industrialists at all our business parks both in the Klang Valley and Iskandar Malaysia. Along with the strong local demand which we were already experiencing over the last 18 months, we are confident that the positive effects of the border re-opening will continue to be felt in 3Q and 4Q 2022,” said Chang.

With regard to macroeconomic and sectoral concerns caused by rising inflation and construction costs, supply chain disruptions and interest rate hikes, EcoWorld Malaysia’s Board acknowledged that these will have an impact. However, they are of the view that the Group is strongly positioned to ride out the storm based on the following:

- the bulk of EcoWorld Malaysia’s landbank is now matured with primary infrastructure completed and comprehensive lifestyle amenities in place. Apart from mitigating against the impact of construction costs increases these factors also add to the attractiveness and fundamental appeal of the Group’s projects;
- the Group’s concerted efforts over the last three years to expand its product and customer base to cover every demographic along with the growth in its business parks division provide EcoWorld Malaysia with a high degree of flexibility to quickly adapt new launches and pricing strategies to suit market demand and to sustain profitability;
- the high levels of sales achieved, continued financial discipline and investments in efficiency to reduce operational and overhead costs have substantially increased the Group’s cashflows generated from operations and lowered its borrowings – this will mitigate EcoWorld Malaysia’s exposure to potential further interest rate hikes going forward.

“Based on the Group’s improving balance sheet and cashflow position, the Board has declared an interim dividend of 2 sen in 2Q 2022. As we pursue our strategy of enhancing value for our customers, we also aim to improve our profitability to enable us to continue rewarding our shareholders. We are also actively on the lookout for good landbank to take advantage of our low net gearing of only 0.36 times as at 30 April 2022. This will enable us to further extend the development life of our current portfolio of matured projects for the long-term benefit of our shareholders,” Chang said.

About Eco World Development Group Berhad (EcoWorld Malaysia)

EcoWorld Malaysia is a public listed Malaysian company involved mainly in property development. The Group is led by some of the most well-known and respected players in the property industry.

It has secured approximately 8,318.3 acres of land bank with a total gross development value (GDV) of RM85 billion. Currently, EcoWorld Malaysia has a presence in the Klang Valley, Iskandar Malaysia and Penang with 20 projects in total comprising a product range that includes affordable, upgrader and luxury homes, integrated high-rise developments and green business parks.

Through Eco World International Berhad (EcoWorld International), the brand has also extended its reach to the United Kingdom and Australia.

EcoWorld Malaysia is honoured to be one of the Top 10 Developers at The Edge Malaysia Property Excellence Awards since 2016 and also proud to be named ‘Best of the Best Employers - Malaysia’ in AON’s Best Employer Studies in 2016 and 2017.

In December 2020, EcoWorld Malaysia was included in the FTSE4Good Bursa Malaysia (F4GBM) Index in recognition of the Group's efforts on Sustainability and good Economic, Social and Governance practices. Thereafter in April 2021, EcoWorld Malaysia was conferred the EdgeProp Malaysia’s Responsible Developer: Building Sustainable Development Award 2021 and also accepted as a participant of the United Nations Global Compact (UNGC) based on our commitment to making the UNGC’s principles part of the strategy, culture and day-to-day operations of our company.

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